

Message Text

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PAGE 01 STATE 053425
ORIGIN AID-05

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA PRIORITY

UNCLAS STATE 053425

AIDAC FOR FRANK KENEFICK

FOLLOWING REPEAT ISLAMABAD 1977 ACTION SECSTATE DATED FEB 27:

QTE: UNCLAS ISLAMABAD 1977

AIDAC

E.O. 11652: N/A

SUBJ: FAUJI FERTILIZER LOAN NO. 391-T-164

REF : (A) STATE 43448 (B) ISLAMABAD 1684 (C) ISLAMABAD 1453

SUMMARY: USAID HAS NO MAJOR CONCERNS BESIDES THOSE ALREADY
EXPRESSED IN REFTELS ON PROCEEDING WITH DEVELOPMENT FAUJI PROJECT.
GOP HAS CONFIRMED TO US THEIR COMMITMENT TO FAUJI AS HIGHEST
PRIORITY FERTILIZER PROJECT. WELCOME VISIT BY KENEFICK FOR
FURTHER DISCUSSIONS IF DESIRED. END SUMMARY.

1. USAID PLEASED TO RECEIVE REF(A) INDICATING FAUJI PROJECT
PREPARATIONS BEING EXPEDITED. WE HAVE LITTLE TO ADD TO ISSUES
OUTLINED IN REFTELS AND WOULD TEND TO SUPPORT AID PARTICIPATION
IN PROJECT PROVIDED THESE ISSUES RESOLVED.

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PAGE 02 STATE 053425

2. WE HAVE BEEN INFORMALLY ASSURED BY AFTAB AHMED
KHAN, SECRETARY, ECONOMIC AFFAIRS AND FINANCE DIVISIONS,
THAT GOP CONSIDERS THE FAUJI PROJECT HIGHEST PRIORITY
UREA FERTILIZER PROJECT. DAWOOD HERCULES EXPANSION
PLANS ARE STILL AWAITING FAVORABLE RESOLUTION OF PRICING
DISPUTE WHICH WOULD BE A NECESSARY FIRST STEP (REF C).

3. WE LOOK FORWARD WITH INTEREST TO RESULTS OF PROPOSED WORLD BANK FERTILIZER SUPPLY - DEMAND ASSESSMENT. GENERAL CONSENSUS OF GOP AND USAID IS THAT SIGNIFICANT FERTILIZER SHORTAGES CURRENTLY EXIST AND THAT OFFTAKE FIGURES WOULD BE SUBSTANTIALLY HIGHER IF ADEQUATE SUPPLIES HAD BEEN AVAILABLE THIS YEAR. USAID FIGURES SUPPORTED BY STUDIES TO DATE INDICATE CONSISTENT INCREASE IN FERTILIZER CONSUMPTION - ALBEIT AT PROGRESSIVELY DECLINING RATE - FOR THE FORESEEABLE FUTURE. SOME OFFICIALS IN GOP HAVE TOLD US THEY THINK THERE IS SUFFICIENT DEMAND TO SUPPORT BOTH FAUJI AND DAWOOD HERCULES. OTHER OBSERVERS, E.G., INDUS BASIN STUDY GROUP HEADED BY ROGER REVELLE, HOWEVER, RECENTLY HYPOTHESIZED THAT FERTILIZER USE ALTHOUGH STILL INCREASING MAY BE REACHING PLATEAU IN PAKISTAN. MUCH MORE DATA COLLECTION AND ANALYSIS WOULD NEEDED TO TEST THIS HYPOTHESIS BY ITS IMPLICATIONS IF TRUE MAY HAVE SUBSTANTIAL IMPACT ON FERTILIZER DEMAND FIGURES.

4. WE UNDERSTAND KENEFICK MAY BE VISITING OTHER COUNTRIES IN AREA SHORTLY AND WHILE WE HAVE NO SPECIFIC ISSUES ON CURRENT INVESTMENT/IMPLEMENTATION PACKAGE TO DISCUSS WITH HIM AT THIS TIME, WE WOULD WELCOME HIS VISIT TO DISCUSS GENERAL ISSUES IF DESIRED BY AID/W.
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PAGE 03 STATE 053425

HUMMEL UNQTE VANCE

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Message Attributes

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